

**DEPARTMENT OF EMPLOYEE TRUST FUNDS
INCOME CONTINUATION INSURANCE ADMINISTRATION MANUAL - LOCAL**

CHAPTER 4 — EMPLOYEE AND EMPLOYER PREMIUMS

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400 Basis for Premium Rates

Insured employees, except those newly hired or those with a change in employment status, have monthly contributions based on:

- Equivalent Average Monthly Earnings, determined by rounding the previous year's WRS earnings to the next higher thousand and dividing by 12; and
- The employee's selection of an elimination period of 30, 60, 90, 120 or 180 calendar days. An elimination period represents the number of consecutive calendar days that must elapse between the first date of disability and the date benefit payments begin. ICI benefits are not paid during the elimination period.

(See Subchapter 503 on permanent change in percentage of appointment.)

Newly hired employees, and employees with earnings interrupted by three consecutive months or more, have monthly contributions based on:

- Projected Average Monthly Earnings, determined by rounding the projected annual earnings to the next thousand and dividing by 12.
- The employee's selected elimination period of 30, 60, 90, 120 or 180 calendar days. An elimination period represents the number of consecutive calendar days that must elapse between the first date of disability and the date benefit payments begin. ICI benefits are not paid during the elimination period.

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401 Employee Monthly Premium Rates

Monthly Premium Rates – Employee Contributions Effective March 1, 2004						
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	30 Days	60 Days	90 Days	120 Days	180 Days
0.00 - 5,000.00	416.67	3.13	2.19	1.56	0.94	0.00
5,000.01 - 6,000.00	500.00	3.75	2.63	1.88	1.13	0.00
6,000.01 - 7,000.00	583.33	4.37	3.06	2.19	1.31	0.00
7,000.01 - 8,000.00	666.67	5.00	3.50	2.50	1.50	0.00
8,000.01 - 9,000.00	750.00	5.63	3.94	2.81	1.69	0.00
9,000.01 - 10,000.00	833.33	6.25	4.37	3.12	1.87	0.00
10,000.01 - 11,000.00	916.67	6.88	4.81	3.44	2.06	0.00
11,000.01 - 12,000.00	1,000.00	7.50	5.25	3.75	2.25	0.00
12,000.01 - 13,000.00	1,083.33	8.12	5.69	4.06	2.44	0.00
13,000.01 - 14,000.00	1,166.67	8.75	6.13	4.38	2.63	0.00
14,000.01 - 15,000.00	1,250.00	9.38	6.56	4.69	2.81	0.00
15,000.01 - 16,000.00	1,333.33	10.00	7.00	5.00	3.00	0.00
16,000.01 - 17,000.00	1,416.67	10.63	7.44	5.31	3.19	0.00
17,000.01 - 18,000.00	1,500.00	11.25	7.88	5.63	3.38	0.00
18,000.01 - 19,000.00	1,583.33	11.87	8.31	5.94	3.56	0.00
19,000.01 - 20,000.00	1,666.67	12.50	8.75	6.25	3.75	0.00
20,000.01 - 21,000.00	1,750.00	13.13	9.19	6.56	3.94	0.00
21,000.01 - 22,000.00	1,833.33	13.75	9.62	6.87	4.12	0.00
22,000.01 - 23,000.00	1,916.67	14.38	10.06	7.19	4.31	0.00
23,000.01 - 24,000.00	2,000.00	15.00	10.50	7.50	4.50	0.00
24,000.01 - 25,000.00	2,083.33	15.62	10.94	7.81	4.69	0.00
25,000.01 - 26,000.00	2,166.67	16.25	11.38	8.13	4.88	0.00
26,000.01 - 27,000.00	2,250.00	16.88	11.81	8.44	5.06	0.00
27,000.01 - 28,000.00	2,333.33	17.50	12.25	8.75	5.25	0.00
28,000.01 - 29,000.00	2,416.67	18.13	12.69	9.06	5.44	0.00
29,000.01 - 30,000.00	2,500.00	18.75	13.13	9.38	5.63	0.00
30,000.01 - 31,000.00	2,583.33	19.37	13.56	9.69	5.81	0.00
31,000.01 - 32,000.00	2,666.67	20.00	14.00	10.00	6.00	0.00
32,000.01 - 33,000.00	2,750.00	20.63	14.44	10.31	6.19	0.00
33,000.01 - 34,000.00	2,833.33	21.25	14.87	10.62	6.37	0.00
34,000.01 - 35,000.00	2,916.67	21.88	15.31	10.94	6.56	0.00
35,000.01 - 36,000.00	3,000.00	22.50	15.75	11.25	6.75	0.00
36,000.01 - 37,000.00	3,083.33	23.12	16.19	11.56	6.94	0.00
37,000.01 - 38,000.00	3,166.67	23.75	16.63	11.88	7.13	0.00
38,000.01 - 39,000.00	3,250.00	24.38	17.06	12.19	7.31	0.00
39,000.01 - 40,000.00	3,333.33	25.00	17.50	12.50	7.50	0.00
40,000.01 - 41,000.00	3,416.67	25.63	17.94	12.81	7.69	0.00
41,000.01 - 42,000.00	3,500.00	26.25	18.38	13.13	7.88	0.00
42,000.01 - 43,000.00	3,583.33	26.87	18.81	13.44	8.06	0.00
43,000.01 - 44,000.00	3,666.67	27.50	19.25	13.75	8.25	0.00
44,000.01 - 45,000.00	3,750.00	28.13	19.69	14.06	8.44	0.00
45,000.01 - 46,000.00	3,833.33	28.75	20.12	14.37	8.62	0.00
46,000.01 - 47,000.00	3,916.67	29.38	20.56	14.69	8.81	0.00
47,000.01 - 48,000.00	4,000.00	30.00	21.00	15.00	9.00	0.00
48,000.01 - 49,000.00	4,083.33	30.62	21.44	15.31	9.19	0.00
49,000.01 - 50,000.00	4,166.67	31.25	21.88	15.63	9.38	0.00
50,000.01 - 51,000.00	4,250.00	31.88	22.31	15.94	9.56	0.00
51,000.01 - 52,000.00	4,333.33	32.50	22.75	16.25	9.75	0.00
52,000.01 - 53,000.00	4,416.67	33.13	23.19	16.56	9.94	0.00
53,000.01 - 54,000.00	4,500.00	33.75	23.63	16.88	10.13	0.00
54,000.01 - 55,000.00	4,583.33	34.37	24.06	17.19	10.31	0.00
55,000.01 - 56,000.00	4,666.67	35.00	24.50	17.50	10.50	0.00
56,000.01 - 57,000.00	4,750.00	35.63	24.94	17.81	10.69	0.00
57,000.01 - 58,000.00	4,833.33	36.25	25.37	18.12	10.87	0.00
58,000.01 - 59,000.00	4,916.67	36.88	25.81	18.44	11.06	0.00
59,000.01 - 60,000.00	5,000.00	37.50	26.25	18.75	11.25	0.00
60,000.01 - 61,000.00	5,083.33	38.12	26.69	19.06	11.44	0.00
61,000.01 - 62,000.00	5,166.67	38.75	27.13	19.38	11.63	0.00
62,000.01 - 63,000.00	5,250.00	39.38	27.56	19.69	11.81	0.00
63,000.01 – and up	5,333.33	40.00	28.00	20.00	12.00	0.00

402 Calculating Employer and Employee Premium

Employer cost is based on a percentage of the employee's average monthly earnings in the previous year (or projected average monthly earnings for those employees noted in Subchapter 400) and the employee's selected elimination period. The minimum employer premium amount is .25% of the average monthly earnings, representing the full cost of ICI coverage with a 180-calendar day elimination period. An additional premium is required from employees desiring a shorter elimination period.

Note: Employers are not required to contribute the same percentage of premium for all employees and may elect to pay some or all of the employee portion of the premium based on employee classification or union contracts.

The following table shows the employer and employee premium rate percentages based on the elimination period selected. Rates indicated were approved by the Group Insurance Board effective March 1, 2004, and are subject to annual revision.

Calendar Day Elimination Period	Monthly Premium as a % of Average Monthly Earnings		
	Total	Employer Minimum	Employee Maximum
30	1.00%	.25%	.75%
60	.775%	.25%	.525%
90	.625%	.25%	.375%
120	.475%	.25%	.225%
180	.25%	.25%	.0%

Examples of Premium Calculation:

- A) Previous year's WRS reported earnings are \$22,100; rounded to \$23,000.
Employee selects 90-calendar day elimination period.

The monthly employer contribution is calculated as follows:

$$\begin{array}{r} \$ 23,000.00 \\ \div 12 \text{ (months)} \\ \$ 1,916.67 \\ \times .25\% \\ \$ 4.79 \text{ (employer contribution)} \end{array}$$

The monthly employee contribution is calculated as follows:

$$\begin{array}{r} \$ 23,000.00 \\ \div 12 \text{ (months)} \\ \$ 1,916.67 \\ \times .375\% \\ \$ 7.19 \text{ (employee contribution)} \end{array}$$

- B) A new employee's projected annual earnings are \$35,900; rounded to \$36,000.
Employee selects 30-calendar day elimination period.

The monthly employer contribution is calculated as follows:

$$\begin{array}{r} \$ 36,000.00 \\ \div 12 \text{ (months)} \\ \$ 3,000.00 \\ \times .25\% \\ \$ 7.50 \text{ (employer contribution)} \end{array}$$

The monthly employee contribution is calculated as follows:

$$\begin{array}{r} \$ 36,000.00 \\ \div 12 \text{ (months)} \\ \$ 3,000.00 \\ \times .75\% \\ \$ 22.50 \text{ (employee contribution)} \end{array}$$

Note: The examples indicate the minimum amount contributed by employers. The contribution toward the total premium made by employers may be increased but not decreased, at the discretion of the employer.

Minimum Employer Contribution Effective March 1, 2004		
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	Employer .25% Contribution
0.00 - 5,000.00	416.67	1.04
5,000.01 - 6,000.00	500.00	1.25
6,000.01 - 7,000.00	583.33	1.46
7,000.01 - 8,000.00	666.67	1.67
8,000.01 - 9,000.00	750.00	1.88
9,000.01 - 10,000.00	833.33	2.08
10,000.01 - 11,000.00	916.67	2.29
11,000.01 - 12,000.00	1,000.00	2.50
12,000.01 - 13,000.00	1,083.33	2.71
13,000.01 - 14,000.00	1,166.67	2.92
14,000.01 - 15,000.00	1,250.00	3.13
15,000.01 - 16,000.00	1,333.33	3.33
16,000.01 - 17,000.00	1,416.67	3.54
17,000.01 - 18,000.00	1,500.00	3.75
18,000.01 - 19,000.00	1,583.33	3.96
19,000.01 - 20,000.00	1,666.67	4.17
20,000.01 - 21,000.00	1,750.00	4.38
21,000.01 - 22,000.00	1,833.33	4.58
22,000.01 - 23,000.00	1,916.67	4.79
23,000.01 - 24,000.00	2,000.00	5.00
24,000.01 - 25,000.00	2,083.33	5.21
25,000.01 - 26,000.00	2,166.67	5.42
26,000.01 - 27,000.00	2,250.00	5.63
27,000.01 - 28,000.00	2,333.33	5.83
28,000.01 - 29,000.00	2,416.67	6.04
29,000.01 - 30,000.00	2,500.00	6.25
30,000.01 - 31,000.00	2,583.33	6.46
31,000.01 - 32,000.00	2,666.67	6.67
32,000.01 - 33,000.00	2,750.00	6.88
33,000.01 - 34,000.00	2,833.33	7.08
34,000.01 - 35,000.00	2,916.67	7.29
35,000.01 - 36,000.00	3,000.00	7.50
36,000.01 - 37,000.00	3,083.33	7.71
37,000.01 - 38,000.00	3,166.67	7.92
38,000.01 - 39,000.00	3,250.00	8.13
39,000.01 - 40,000.00	3,333.33	8.33
40,000.01 - 41,000.00	3,416.67	8.54
41,000.01 - 42,000.00	3,500.00	8.75
42,000.01 - 43,000.00	3,583.33	8.96
43,000.01 - 44,000.00	3,666.67	9.17
44,000.01 - 45,000.00	3,750.00	9.38
45,000.01 - 46,000.00	3,833.33	9.58
46,000.01 - 47,000.00	3,916.67	9.79
47,000.01 - 48,000.00	4,000.00	10.00
48,000.01 - 49,000.00	4,083.33	10.21
49,000.01 - 50,000.00	4,166.67	10.42
50,000.01 - 51,000.00	4,250.00	10.63
51,000.01 - 52,000.00	4,333.33	10.83
52,000.01 - 53,000.00	4,416.67	11.04
53,000.01 - 54,000.00	4,500.00	11.25
54,000.01 - 55,000.00	4,583.33	11.46
55,000.01 - 56,000.00	4,666.67	11.67
56,000.01 - 57,000.00	4,750.00	11.88
57,000.01 - 58,000.00	4,833.33	12.08
58,000.01 - 59,000.00	4,916.67	12.29
59,000.01 - 60,000.00	5,000.00	12.50
60,000.01 - 61,000.00	5,083.33	12.71
61,000.01 - 62,000.00	5,166.67	12.92
62,000.01 - 63,000.00	5,250.00	13.13
63,000.01 - and up	5,333.33	13.33

403 Annual Premium Update

Employers update payroll records and calculate the insured employee's new monthly ICI premiums effective March 1 each year. Premiums are based on previous calendar year WRS earnings rounded to the next highest thousand and the elimination period selected by each employee. The updated premiums are reported on the March *Income Continuation Report* (ET-1629) due at ETF on or before the 20th of February. Employers must write "Annual Review and Update Completed" on the bottom of the March report to indicate that the process has been completed. (Refer to Subchapter 504.)

The following checklist may be used to complete the annual review and premium update:

1. Determine each insured employee's WRS earnings for the preceding calendar year and round to the next higher thousand. Or, use projected WRS earnings for newly hired employees and employees who had earnings interrupted for three or more consecutive months.
2. Verify that insured employees are reported according to their selected elimination period.
3. Calculate the amount of monthly premiums for each employee and the corresponding employer contribution.
4. Fill in the total premium amount on the *Monthly Premium Report Group Income Continuation Insurance* form (See Subchapter 504.)

NOTE: When an employee has a permanent change in the percentage of appointment, such as a change from part-time to full-time employment, premiums must be adjusted within 30 days of the date the change occurs. If the premium adjustment is not made within this 30 day period, payment of the additional premium—or refund of overpaid premium—must be made retroactive to the month of the change through the date of notification to ETF. (Refer to Subchapter 503 for additional information about permanent change in percentage of appointment.)